

Monopoly of note issue has existed in Belgium only since 1850. The oldest institution issuing bank-notes was the General Society for the Promotion of National Industry (*Société Générale pour favoriser l'industrie Nationale*). This society was founded in 1822 principally as a bank of circulation and discounts, but it became little by little a great institution of finance interested in promoting investments.¹ The society was a depository of public funds and of large private savings, loaned money on mortgages, on public securities, and on merchandise and was interested as promoter and financial agent in nearly all the large enterprises of the country. It had no strong rival until after the separation of Belgium and Holland and it invited rivalry then by its own shortsightedness. The society and its management were largely under Dutch influence and when the new government of Belgium sought the assistance of the bank as a public depository the managers refused to make any arrangements which would subject them to the public accounting officers. They regarded the services of the bank as indispensable and forced the government to countenance the creation of a new banking institution more friendly in its character.

The Bank of Belgium was founded February 24, 1835, and the management of the public funds was taken away from the old institution and given to the new. The methods of the new bank had the same defects as those of the old, however, in attempting to make long time loans on commercial paper, while issuing circulating notes payable on demand. The result was a crisis in 1838, when confidence was impaired by the fear of war over the provinces of Limbourg and Luxembourg. There was a violent contraction of credit at Brussels, and the Bank of Belgium found itself without cash to meet its obligations. The older institution, which was somewhat stronger, and was not regarded as so largely a creature of the existing government, took advantage of the opportunity to crush its rival and on December 4, 1838,

¹ Courcelle-Seneuil, 339.